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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re: WATSON VENTURES, LLC, Debtor.	Case No. 12-34204 Chapter 11 DCN: SBA-1 Date: Monday April 10, 2017 Time: 10:00 a.m. Court: Ctrm. 28, 7th Floor 501 I Street, Sacramento, CA Judge: Hon. Ronald H. Sargis

UNITED STATES' OBJECTION TO THE TRUSTEE'S FINAL REPORT

The United States, on behalf of its agency, the Small Business Administration ("SBA"), files this objection to the *Trustee's Final Report and Application for Compensation ("TFR").*

The Trustee appears to have inadvertently omitted two unsecured claims filed by SBA from the TFR, preventing SBA from sharing in the distributions. SBA filed four proofs of claim: Claim 2-1, Claim 3-1, Claim 4-1, and Claim 5-1. Copies of the claims are submitted as Exhibits 1-4 respectively.

This objection only concerns claims 2-1 and 3-1. Claims 4-1 and 5-1 are secured claims, which are secured by real property that the Trustee abandoned (Docket No. 59).

SBA claims 2-1 and 3-1 are on their face unsecured claims in the amounts of $710,341.45 and $659,414.07. SBA did not assert a secured claim and accordingly left blank section 4 of the proof of claim. In contrast, SBA filed claims 4-1 and 5-1 as secured and provided the required detail in section 4.

The debts owed to SBA for claims 2-1 and 3-1 were secured by real property at the time the loan was made but were not secured at the time this bankruptcy was commenced.[1] The respective real properties were never part of this bankruptcy estate nor administered or abandoned by the Trustee. SBA received no objections to any of the four claims it filed in this bankruptcy.

Omitting SBA claims 2-1 and 2-3 from the TFR appears to be a scriveners error on the part of the Trustee. SBA and the Trustee have been in communication about this issue but have yet to resolve the matter. Thus SBA has no choice but to object to the TFR and request that the Court enter an order (1) sustaining SBA's objection, (2) requiring the Trustee to amend its Report by adding to the section titled "timely allowed general (unsecured) claims" the unsecured claims filed by SBA in this bankruptcy: Claim 2-1 in the amount of $710,341.45; and, Claim 3-1 in the amount $659,414.07; and, (3) prohibiting distributions from the estate until an amended Report is approved..

Dated: March 10, 2017

By: /s/ Lisa M. Johnson
LISA M. JOHNSON
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United States of America

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[1] Claim 2-1 was secured by a deed of trust against real property commonly known as 2180 Enterprise Blvd., West Sacramento, CA (tax parcel 067-030-031-000). Upon information and belief, this lien was released to accommodate a short sale on or about October 7, 2011 from the Debtor to the Ramos Trust.

Claim 3-1 was secured by a deed of trust against real property commonly known as 440 E. Juanita Avenue, Mesa AZ (tax parcel 139-12-049A). Upon information and belief, this lien was eliminated through a foreclosure of a senior lienholder on or about April 8, 2010.